

Highlights

- State library agencies (StLAs) provide key leadership for library services planning and development in each state. They promote inclusion through funding literacy programs as well as programs and assistive technologies for hard-to-serve populations.
- Funding for state library agencies remained flat from fiscal year (FY) 2004 to FY 2008, but the current economic downturn will likely decrease StLA budgets. These resource reductions could play a significant role in determining the quality and quantity of state library agency services in the years to come.
- Despite the lack of real growth in their budgets in recent years, state library agencies continue to plan for and support local libraries as they meet the needs of patrons and library professionals, at a time when the character of library services is being fundamentally redefined. Over the past 10 years, real dollar expenditures on statewide database licensing have more than doubled, reaching a total of \$65.8 million in 2008.

Introduction

This research brief gives an overview of the revenues, expenditures, and services provided by state library agencies (StLAs) during fiscal year (FY) 2008. State library agencies are official agencies charged by state law with the extension and development of library services throughout the state; they have authority under state law to administer state plans in accordance with the provisions of the Library Services and Technology Act (LSTA) (P.L. 104–208). The 2008 fiscal year includes parts of 2007 and 2008; for the vast majority of states (46), the 2008 fiscal year started on 7/1/2007 and ended on 6/30/2008. Because of the time period this survey spans, it does not reflect the full budgetary impact of the current economic downturn.

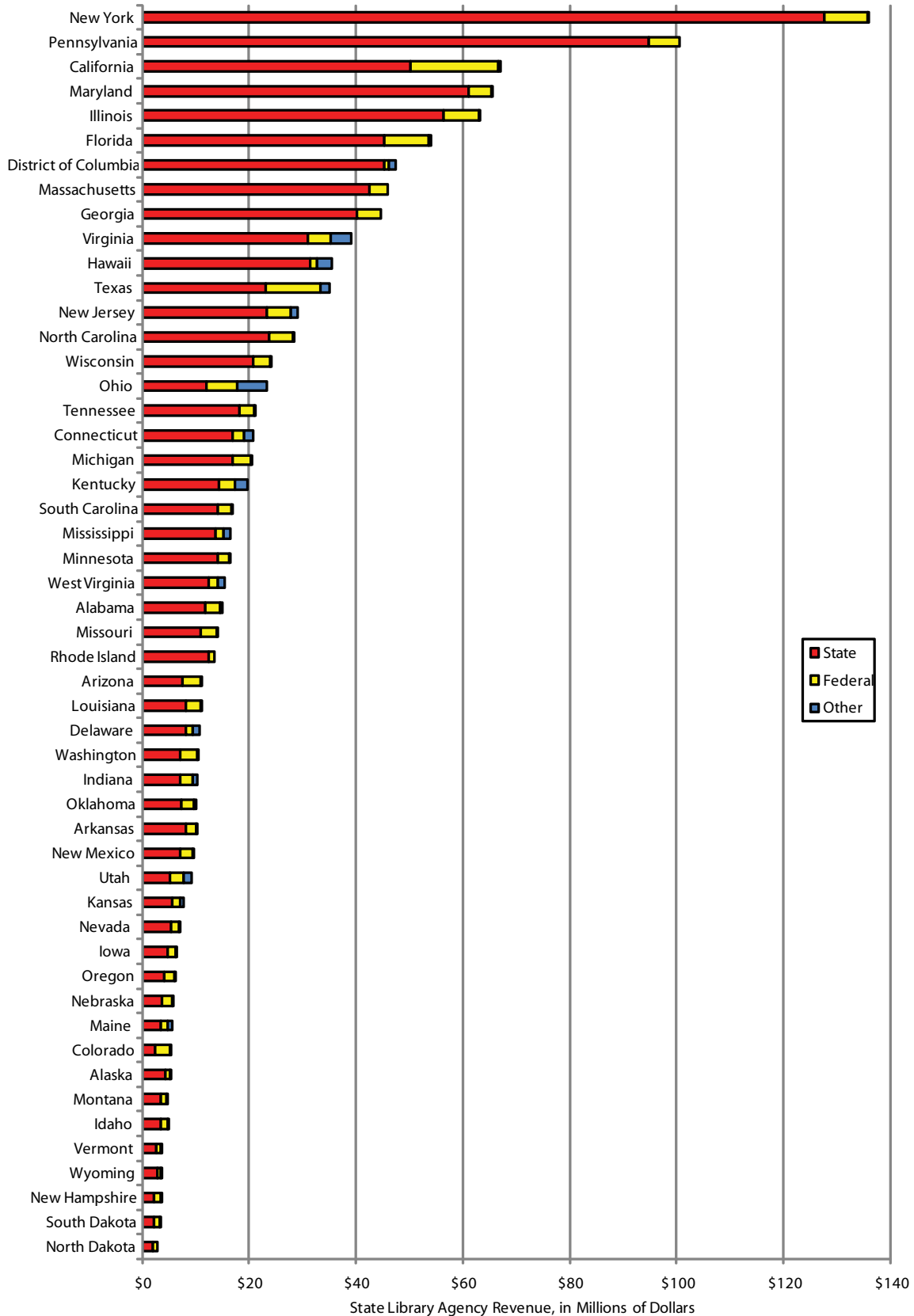
StLAs provide key leadership for library services planning and development in each state. Their structure and governance varies widely across states; StLAs are located in various departments in state government and they report to different authorities. They coordinate library development activities, collect data about libraries, analyze state conditions, and identify unmet needs with input from local communities. They publish and disseminate information

and other resources useful to government officials, library professionals, and others interested in community development. StLAs work in partnership with various stakeholders to modernize library services throughout the state. Many are responsible for making recommendations regarding library services statewide. Some StLAs also function as the state's public library at large, providing library services to the general public.¹

An important function that all StLAs fulfill is the coordination and distribution of federal funds distributed by IMLS. IMLS allots the funds to the states, the District

¹ In Hawaii, the library collection is reported on the IMLS Public Libraries Survey. In Maryland, Enoch Pratt Central, the central library of the Enoch Pratt Free Library, is designated by state law as the State Library Resource Center. In the District of Columbia, the Martin Luther King Memorial Library, the central library of the District of Columbia Public Library, functions as a resource center for the municipal government. These collections are reported on the IMLS Public Libraries Survey (PLS) (collections of public libraries that serve as state resource centers are not reported on the StLA Survey, because these data are more appropriately reported on the PLS). Due to administrative restructuring, Minnesota and Idaho no longer actively maintain collections.

Figure 1: Total State Library Agency Revenues by State, FY 2008



Source: State Library Agency Survey, FY 2008, Institute of Museum and Library Services.

of Columbia, and five territories² using a population-based formula. These LSTA funds may be spent directly or through subgrants and cooperative agreements that operate at or below the state level. The StLAs also provide data to IMLS via the annual State Library Agency Survey. The survey is a unique federal-state partnership. While there are many federal-state cooperative programs, few collect and report on agency budgets and operations on an annual basis. This annual report is an important example of government transparency and intergovernmental cooperation that contribute to a national discussion regarding the state of library services.

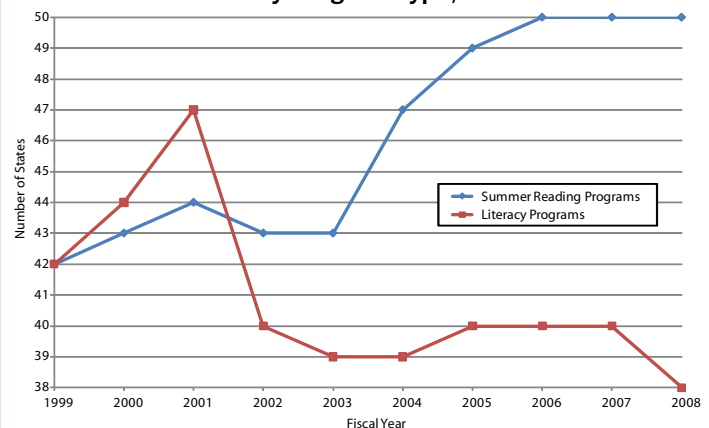
An important qualification is needed for readers to place the data from this report in context. The figures in the following sections aggregate data from across the 50 states and the District of Columbia to derive a single set of national estimates regarding revenues, expenditures, and state library services.³ The authors chose to aggregate statewide figures up to the national level because they believe it is the most efficient way to characterize overall trends and quantify the nation's investment in library services through state library agencies. While this type of aggregation has a number of advantages, it can mask the variation that exists between state library agencies. For example, state library agencies in Pennsylvania and New York had revenues in excess of \$100 million (Figure 1) in fiscal year 2008; at the same time, 32 states had revenues of less than \$20 million, 42 states had revenues under \$40 million, and no other state library agency's budget exceeded \$70 million. These budgetary differences are due to differences between states in population size as well as varying scopes of responsibility among state library agencies, among other factors. National trends in funding and services may differ from those of individual states, so the findings presented here should not be generalized and applied at the state level. Tables 1 through 31 in the "Tables" section of State Library Agencies Survey: Fiscal

Year 2008⁴ provide detailed service, revenue, and expenditure data for each of the responding states and the District of Columbia in fiscal year 2008.

The StLA Role in Coordinating and Delivering Library Services and Support

StLA Services to the Public

Figure 2: Number of States Funding Reading Programs in Public Libraries by Program Type, FY 1999–2008



Source: State Library Agency Survey, FY1999-FY2008, Institute of Museum and Library Services/National Center for Education Statistics.

State library agencies play important roles in promoting basic literacy in the communities they serve. From 1999 to 2008,⁵ more than two-thirds of state library agencies funded literacy programs in public libraries (Figure 2). The high point during the study period was 2001, when 47 state library agencies funded such programs. During 2002–2007, the number of states funding such programs fluctuated between 39 and 40, before dropping slightly to 38 in 2008. The overwhelming majority of states have also funded summer reading programs in public libraries from 1999 to 2008. In the three most recent data years (2006–2008), all but one state library agency provided financial support to summer reading programs.

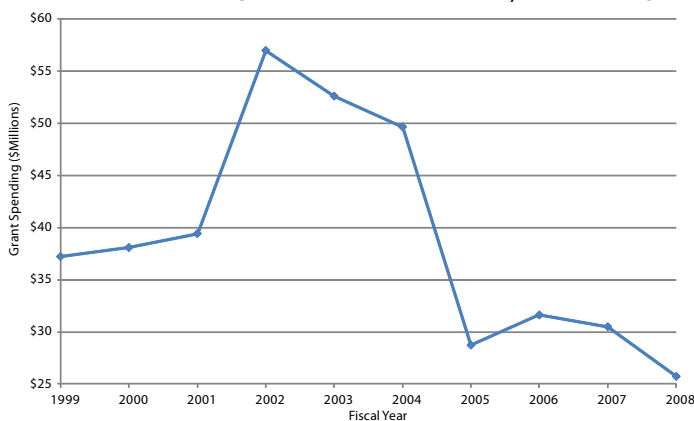
² Puerto Rico, the U.S. Virgin Islands, American Samoa, Guam, and the Commonwealth of the Northern Mariana Islands

³ All references to states in this section of the report include the 50 states as well as the District of Columbia.

⁴ Everett Henderson, Kim Miller, Michelle Farrell, Faye Brock, Suzanne Dorinski, Michael Freeman, Lisa Frid, Laura Hardesty, Christopher Music, Patricia O'Shea, and Cindy Sheckells. (2009). *State Library Agencies Survey: Fiscal Year 2008* (IMLS-2010-StLA-01). Washington, DC: Institute of Museum and Library Services. Available at http://harvester.census.gov/imls/pubs/stla/pub_detail.asp?id=129.

⁵ In the remainder of this report, data years will simply be referred to by the numeric year (i.e., 1999 or 2000, not FY 1999 or FY 2000).

**Figure 3: LSTA Expenditures on Hard-to-Serve Populations
FY 1999–2008 (Constant 2008 Dollars, in Millions)**



Source: State Library Agency Survey, FY1999-FY2008, Institute of Museum and Library Services/National Center for Education Statistics.

State library agencies also fund library services for hard-to-reach populations. These outreach efforts include services to persons with physical or learning disabilities, assistive technologies and devices, prison and jail services, services to nursing homes and other institutions, talking books, outreach services, bookmobiles, computer vans, and services for migrant workers and non-English speakers. The high point for such expenditures during the study period came in 2002–2004, when \$49.6–\$57.0 million⁶ in LSTA funds were spent serving these populations (Figure 3). LSTA expenditures for such services have dropped considerably since then, ranging from \$25.7 to \$31.6 million between 2005 and 2008. In fact, funding levels for such programs in recent years are low even relative to 1999–2001, when \$37.2–\$39.4 million in LSTA funds were spent serving the hard to reach.

A word of caution is appropriate here; the decrease in expenditures shown in Figure 3 may not reflect a true decline in the level of LSTA-funded services for the hard to reach. There is some overlap between the “Persons having difficulty using libraries” category and the “Library technology, connectivity and services” category in the survey questionnaire (these categories appear in Table 31 of State Library Agencies Survey: Fiscal Year 2008). Given changes in assistive technologies over the same period, it is possible that respondents are now reporting expenditures for high-tech assistive technologies as “library technology/

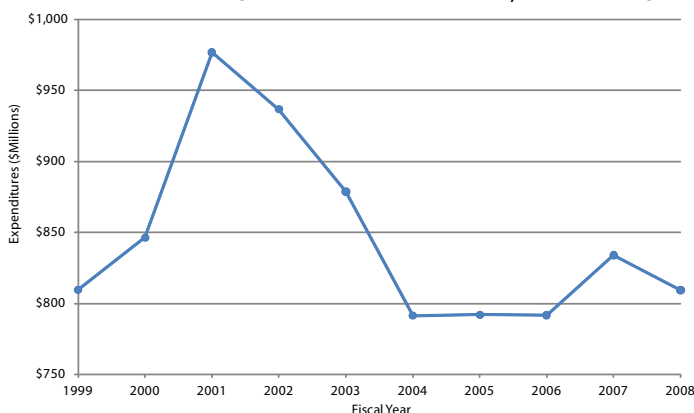
connectivity services” rather than expenditures for “people having difficulty using libraries.” This type of reporting shift would look like a drop in expenditures when the data are examined over time, but it may not reflect any change in the level of effort in serving hard-to-reach populations. IMLS will look into this issue in more detail for future StLA data collections to ensure that the data being collected reflect the true level of services being provided.

Additionally, the most precipitous decline in funding occurred between 2004 and 2005, a time when the “Persons having difficulty using libraries” survey item changed. The four LSTA spending categories in 2004 were electronic networking/electronic access, services to persons having difficulty using a library, services to children in poverty, and LSTA administration. In 2005, the four categories were library technology; connectivity and services; services to persons having difficulty using libraries; services for lifelong learning; and LSTA administration. The “electronic networking/electronic access” category expanded and was now identified as “library technology, connectivity and services.” Again, given that many assistive technologies can also qualify as “library technology, connectivity and services,” it is quite possible that the change in the survey question caused some funds that were previously categorized as expenditures for the hard to serve to be classified under the expanded library technology category. The “services to children in poverty” category was completely dropped and replaced with “services for lifelong learning”, a change that also likely caused some recategorization of funds. It is also important to remember that the data in Figure 3 include only LSTA funding.

State library agencies may be electing to finance services for the hard to reach using state or other funding sources. We cannot definitively say this because the survey instrument currently does not allow us to quantify expenditures for the hard to serve from nonfederal sources, but it is a possibility.

⁶ These and all other revenue and expenditure figures that appear in the remainder of this report are in 2008 dollars.

Figure 4: StLA Expenditures - Financial Aid To Libraries, FY 1999–2008 (Constant 2008 Dollars, in Millions)



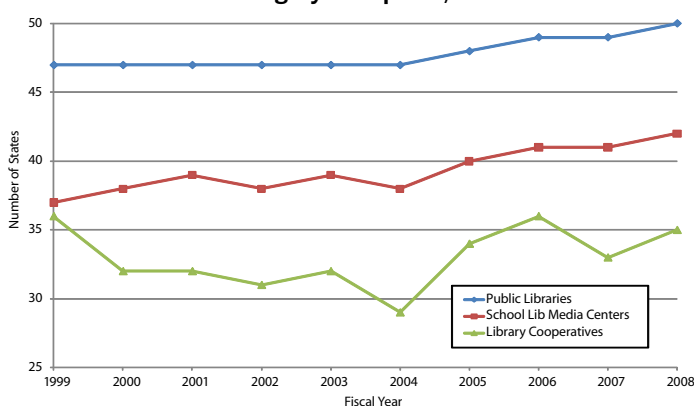
Source: State Library Agency Survey, FY1999-FY2008, Institute of Museum and Library Services/National Center for Education Statistics.

StLA Services to Libraries and State Governments

In 2008, state library agencies gave \$809 million in financial aid to public libraries⁷ (Figure 4); this amount was nearly identical to the amount awarded in 1999 (\$810 million), but there was much fluctuation in between these two points. By 2000, the figure had risen to \$846 million, before reaching a high of \$977 million in 2001. By 2004, the figure had fallen to \$791 million; it remained in this range until 2007, when it rose to \$834 million.

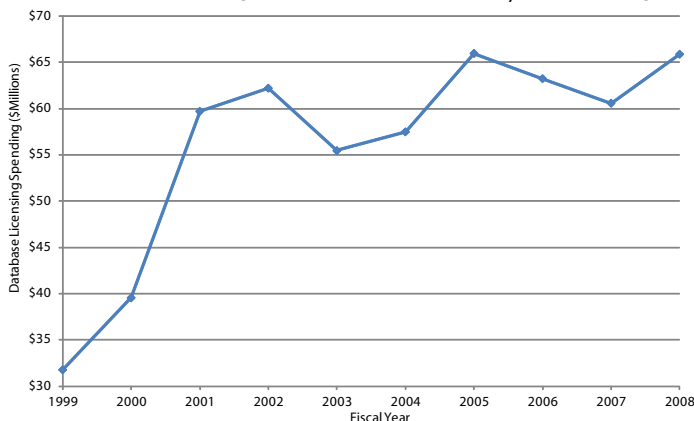
As part of their role as coordinator of library services in their states, StLAs in many states purchase database licenses for public libraries, (public) school library media centers,⁸ and library cooperatives in their respective states.⁹ Providing this service results in savings in the aggregate, as the bargaining power of the state and the entities that it represents leads to lower prices for access to these databases than what would have been paid had individual libraries and administrative entities negotiated the agreements themselves. In 2008, 50 state library agencies bought statewide database licenses for their public libraries,¹⁰ 42 purchased statewide database licenses for school library media centers (elementary and secondary school libraries), and 35 purchased statewide database licenses for library cooperatives (Figure 5). Nationwide, expenditures on statewide database licensing have grown tremendously over the past 10 years. Spending on such licenses more than doubled (in constant 2008 dollars) during the study period, rising from \$31.8 million in 1999 to \$65.9 million in 2008 (Figure 6). Most of this change occurred between 1999 and 2001, when expenditures rose from \$31.8 million to \$59.7 million, an increase of 88 percent.

Figure 5: Number of States Providing Statewide Database Licensing by Recipient, FY 1999–2008



Source: State Library Agency Survey, FY1999-FY2008, Institute of Museum and Library Services/National Center for Education Statistics.

Figure 6: Total Statewide Database Licensing Expenditures, FY 1999–2008 (Constant 2008 Dollars, in Millions)



Source: State Library Agency Survey, FY1999-FY2008, Institute of Museum and Library Services/National Center for Education Statistics.

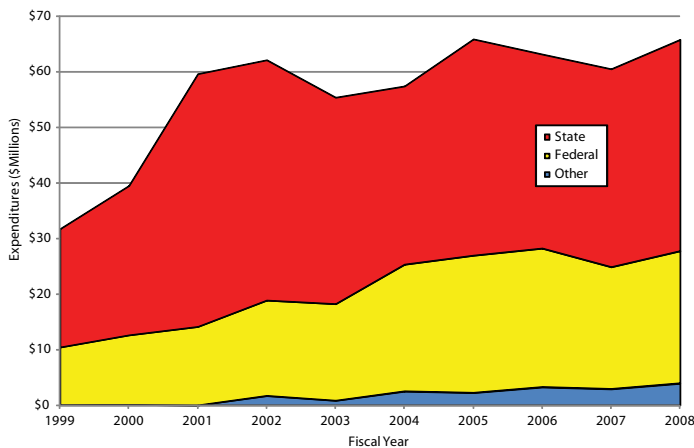
⁷ The District of Columbia Public Library functions as a state library agency and is eligible for federal LSTA funds in this capacity. The state library agency for Hawaii is associated with the Hawaii State Public Library System and operates all public libraries within its jurisdiction. The state funds for aid to libraries for these two agencies are reported on the NCES Public Libraries Survey, rather than on the StLA Survey, because of the unique situation of these two state agencies, and to eliminate duplicative reporting of these data.

⁸ School library media centers meet the curricular, information, and recreational needs of students, teachers, and administrators.

⁹ These license agreements vary from state to state, with some agreements covering all public libraries, school libraries, and library cooperatives and others covering a subset of these institutions.

¹⁰ Statewide database licenses for the District of Columbia were purchased by the District of Columbia Public Library, which acts as a state library agency.

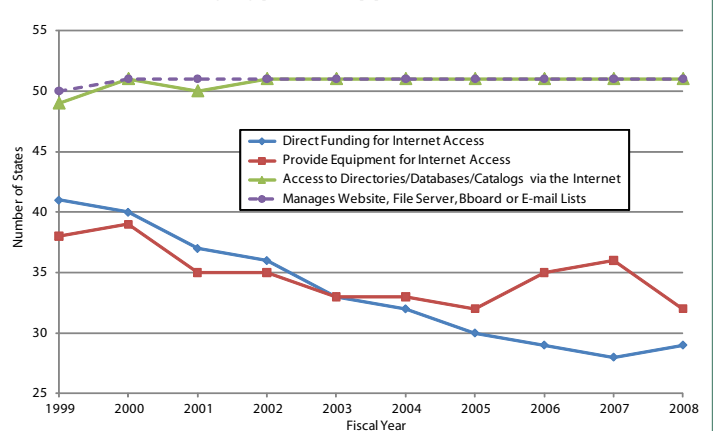
Figure 7: Real Spending on Statewide Database Licensing by Source, FY 1999–2008 (Constant 2008 Dollars, in Millions)



Source: State Library Agency Survey, FY1999-FY2008, Institute of Museum and Library Services/National Center for Education Statistics.

Although state funds still account for the majority of statewide database licensing expenditures, federal and other sources of revenue have grown in importance in the past decade (Figure 7). In 1999, \$21.3 million of the \$31.7 million in statewide database licensing expenditures came from state sources (67 percent), with 32.8 percent (\$10.4 million) coming from federal sources and nearly none (\$65,000, 0.2 percent) coming from other sources. By 2008, this picture had changed somewhat. Total expenditures had more than doubled, reaching \$65.8 million. State sources accounted for the largest absolute increase in funding over the period (\$16.7 million) and the majority of funding still came from the states, but now the \$38.0 million in state funds comprised 57.7 percent of total funding, a decrease of 9 percentage points from the 1999 level. Most of this shift in funding was accounted for by increases from other (non-state, nonfederal) sources. In 1999, less than \$100,000 in statewide database licensing funding came from other sources, but by 2008, those sources accounted for \$4.0 million; they now comprised 6 percent of funding, whereas before they were nearly insignificant. During the same time frame, the federal government more than doubled its contributions, pushing funding to \$23.8 million. Federal funds comprised 36.2 percent of statewide database licensing funds by 2008, up from 32.8 percent in 1999.

Figure 8: Number of States Providing Library Access to the Internet, by Type of Support, FY 1999–2008



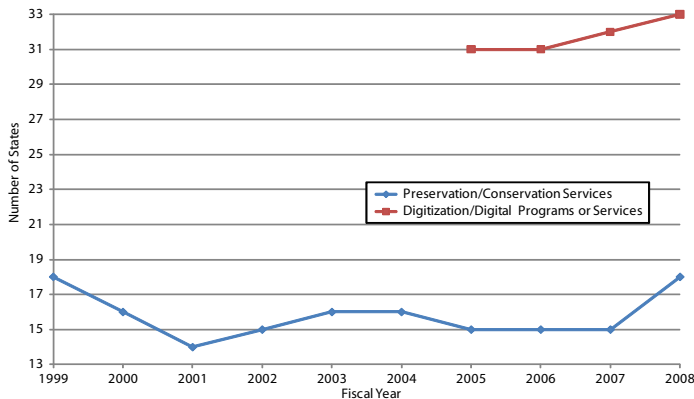
Source: State Library Agency Survey, FY1999-FY2008, Institute of Museum and Library Services/National Center for Education Statistics.

State library agencies also facilitate access to the Internet for public libraries. The majority of states do this directly; in 2008, 29 state library agencies provided public libraries with direct funding for Internet access, while 32 provided libraries with equipment for Internet access (Figure 8). States are moving away from furnishing funds for Internet access, however; in 1999, 41 state library agencies performed this function, and in 2008, only 29 did. In addition to funding access to the internet and providing equipment that enables it, state library agencies also make more online content available to library patrons at the local level and affect the structure through which patrons access Internet content. All state library agencies provided access to directories, databases, or online catalogs via the Internet¹¹ in 2008. All 51 StLAs also managed a Web site, file server, bulletin board(s), or electronic mailing list(s)¹² in 2008. In fact, all states have performed these last two functions since 2002.

¹¹ This includes bibliographic files, locator files, and/or full text databases produced or licensed by the state library agency and available via the Internet.

¹² This includes the development and maintenance of Internet menu systems, operation of equipment that provides Internet access to multiple files, or posting of electronic messages via the Internet.

Figure 9: Number of States Providing Selected Collection Maintenance Services to Public Libraries by Type, FY 1999–2008

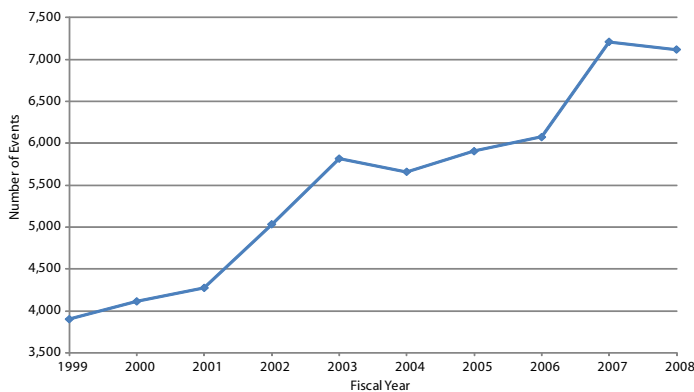


Source: State Library Agency Survey, FY1999-FY2008, Institute of Museum and Library Services/National Center for Education Statistics.

State library agencies facilitate maintenance of and access to public library collections, through digitization efforts and preservation/conservation services. In 2008, 33 StLAs funded or facilitated digitization or digital programs or services to public libraries or library cooperatives (Figure 9). Such measures include any program or activity that provides for the digitization of documents, publications, or sets of records or artifacts to be made available for public use. In 2008, 18 StLAs provided collection preservation or conservation services¹³ to public libraries, either directly or by contract.

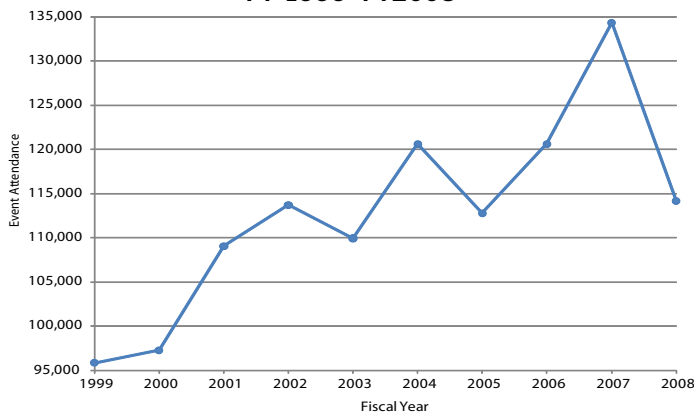
State library agencies also fund continuing education events for library staff in public libraries, academic libraries, school library media centers, special libraries,¹⁴ and library cooperatives. The number of continuing education events funded by state library agencies increased from just over 3,900 in 1999 to more than 7,100 in 2008, an increase of 82 percent (Figure 10). Attendance at continuing education events rose from just under 96,000 in 1999 to a high of over 134,000 in 2007, before decreasing to just over 114,000 in 2008 (Figure 11). Despite the considerable drop-off from 2007 to 2008, attendance at StLA-funded continuing education events still increased by 19 percent during the study period.

Figure 10: State Library Agencies: Number of Continuing Education Events, FY 1999–FY2008



Source: State Library Agency Survey, FY1999-FY2008, Institute of Museum and Library Services/National Center for Education Statistics.

Figure 11: Attendance at Continuing Education Programs, FY 1999–FY2008

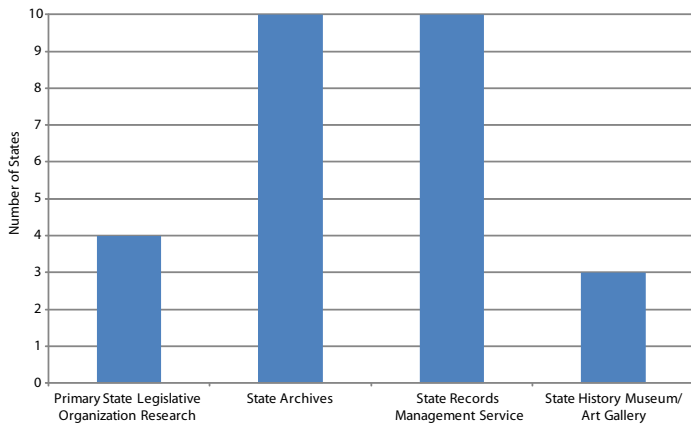


Source: State Library Agency Survey, FY1999-FY2008, Institute of Museum and Library Services/National Center for Education Statistics.

¹³ These services are defined as specific measures undertaken for the repair, maintenance, restoration, or protection of library materials, including but not limited to binding and rebinding, materials conversion (to microform for example), de-acidification, and lamination.

¹⁴ Special libraries are located in business firms, professional associations, government agencies, or other organized groups. A special library may be maintained by a parent organization to serve a specialized clientele; or an independent library may provide materials or services, or both, to the public, a segment of the public, or other libraries.

Figure 12: Number of States Utilizing StLA to Perform Selected Functions, FY 2008



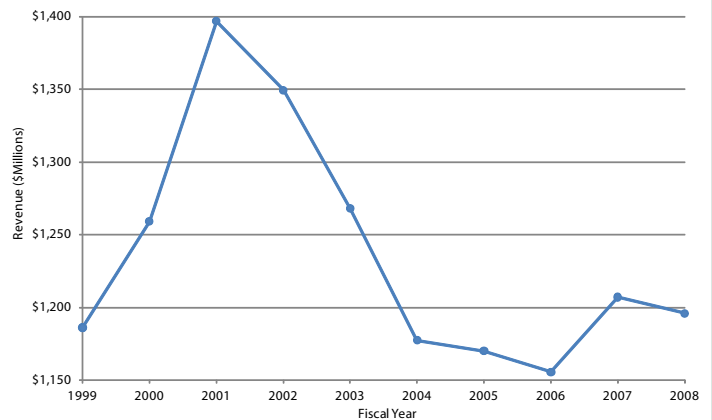
Source: State Library Agency Survey, FY2008, Institute of Museum and Library Services.

State library agencies directly provide a diverse range of services to state governments (Figure 12). In 12 states (Alaska, Arizona, California, Connecticut, Florida, Kansas, Kentucky, Nevada, Oklahoma, Tennessee, Texas, and Virginia), the state library agency performed at least one of the following functions:

- Primary state legislative research organization (4 states)
- State archives (10 states)
- State records management services (10 states)
- State history museum/art gallery (3 states)

FY 2008 StLA Survey Highlights

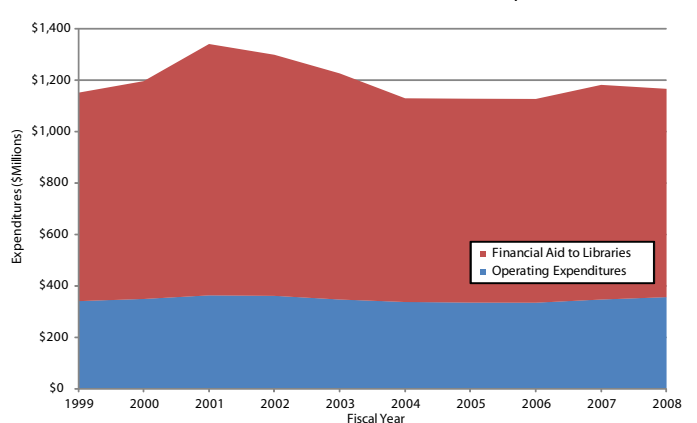
Figure 13: Real Total StLA Revenue, FY 1999–2008 (Constant 2008 Dollars, in Millions)



Source: State Library Agency Survey, FY1999-FY2008, Institute of Museum and Library Services/National Center for Education Statistics.

StLA revenues were basically the same at the beginning of the study period as they were at the end—\$1.19 billion in 1999, and just under \$1.20 billion in 2008 (figure 13). Revenues rose dramatically immediately after 1999, reaching the period's high point of \$1.40 billion in 2001. Between 2001 and 2004, StLA revenues fell to \$1.18 billion, a decrease of 15.7 percent. Since 2004, StLA revenues have more or less fluctuated between \$1.15 and \$1.20 billion dollars.

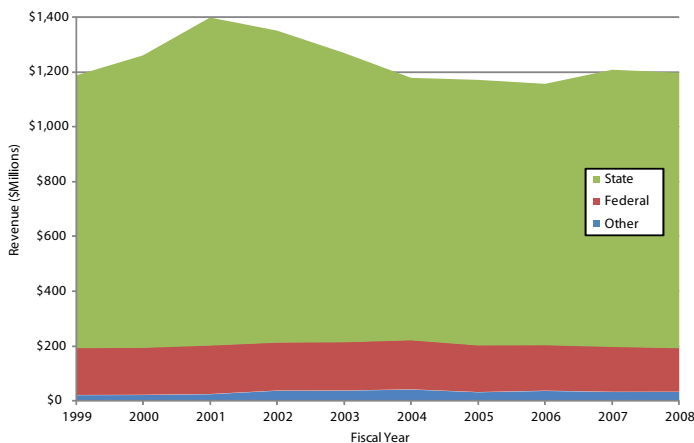
Figure 14: Selected StLA Expenditures by Type: FY 1999–2008 (Constant 2008 Dollars, in Millions)



Source: State Library Agency Survey, FY1999-FY2008, Institute of Museum and Library Services/National Center for Education Statistics.

How do fluctuations in the revenues of state library agencies affect public libraries and their patrons? The stacked area graph in Figure 14 indicates that StLAs are less able to provide financial aid to public libraries in their respective states when revenues take a downturn. Operating expenditures are flat over the 10-year study period, not increasing markedly when revenues increase and not decreasing noticeably when revenues decrease. In other words, because the real cost of operating state library agencies has not changed over time (at least in the aggregate), the effects of changes in resources are felt most strongly by local libraries and their patrons, because StLAs are less able to distribute financial aid at the local level.

Figure 15: Real Total StLA Revenue by Source, FY 1999–2008 (Constant 2008 Dollars, in Millions)



Source: State Library Agency Survey, FY1999-FY2008, Institute of Museum and Library Services/National Center for Education Statistics.

As Figure 15 shows, the vast majority of the revenues used to run state library agencies come from the states themselves. In 2008, the most recent data year, 83.9 percent of StLA revenues came from states, with 13.4 percent coming from the federal government¹⁵ and 2.8 percent coming from other sources. The lowest share of state contributions to StLA revenue came during 2004, when 81.2 percent of revenues came from the states; the highest came during 2001, when the corresponding percentage was 85.5 percent. The highest year of proportional federal contributions was 2004, when 15.3 percent

¹⁵ Federal income includes state program income under the LSTA (P.L. 104–208), income from Title II of the Library Services and Construction Act (LSCA) (P.L. 101–254), and other federal income. Note: LSCA was superseded by LSTA, but LSCA Title II funds are still active.

of StLA revenues came from federal sources. The lowest was during 2001, when federal contributions accounted for 12.7 percent of StLA revenues. All major fluctuations in the overall amount of revenue that state library agencies received during the study period were almost entirely due to changes in the contribution levels of the states. For example, real StLA revenue increased by \$211 million between 1999 and 2001, with 96 percent of this change being accounted for by increases in state revenues, which rose by \$202 million during this time. Additionally, when StLA revenues decreased by \$220 million between 2001 and 2004, combined revenues from federal and other sources actually rose by \$19.2 million, but the increase from these two sources was more than offset by state contribution levels, which decreased by \$239 million during this period.

What Does the Future Hold?

The current economic challenges have led to significant budget shortfalls in states across the country. Many state governments have responded to the recession by downsizing their workforces or curtailing services. However, the effects of the recent economic downturn may be felt even more acutely among state library agencies, as their budgets have seen little or no real dollar increase over the last 10 years.

Despite the lack of real growth in their budgets, state library agencies continue to plan for and support local libraries as they meet the needs of patrons, at a time when the character of library services is being fundamentally re-defined. Many more information resources are expected by 21st century patrons, whether they are in a school, public library, college, or university. While current information technologies provide exciting new opportunities to extend library services to many more individuals and organizations across the state, these technologies require a significant amount of coordination and investment. State library agencies appear to be answering this call. Despite flat budgets, real dollar expenditures in statewide database licensing have more than doubled in the past 10 years, reaching a total of \$65.8 million in 2008. Investments at the state level provide certain benefits that could not be realized by local libraries acting alone. For example, several state library agencies leverage the purchasing power of the state

to secure and deliver a wide range of licensed databases and other information resources that would be too costly and inefficient to secure the local level. This is just one example of the central role StLAs can play in the delivery of library services in their home states.

In the years to come, state library agencies will be challenged to continue supporting state-of-the-art library and information services with fewer human and financial resources. These resource reductions could have a significant impact on the quality and quantity of state library agency services. IMLS will continue to document the trends highlighted in this report in order to gain a better understanding of how changes at the state level affect state library agencies' operations and ultimately, the quality of library services to the public.

Everett Henderson is a statistical analyst and Carlos Manjarrez is the associate deputy director in the Office of Policy, Planning, Research and Communications at the Institute of Museum and Library Services.

About the Institute of Museum and Library Services: The Institute of Museum and Library Services is the primary source of federal support for the nation's 123,000 libraries and 17,500 museums. The Institute's mission is to create strong libraries and museums that connect people to information and ideas. The Institute works at the national level and in coordination with state and local organizations to sustain heritage, culture, and knowledge; enhance learning and innovation; and support professional development. To learn more, please visit www.ims.gov.

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The **State Library Agency Survey** is a national census of state library agencies. It is conducted annually by the Institute of Museum and Library Services in partnership with the U.S. Census Bureau and the Chief Officers of State Library Agencies (COSLA). A state library agency is the official agency of a state that is charged by state law with the extension and development of public library services throughout the state. StLA's coordinate library development activities, collect data about libraries, analyze state conditions, and identify unmet needs with input from local communities. This data set provides information on the range of roles played by state library agencies and the various combinations of fiscal, human, and informational resources invested in such work. The survey universe is comprised of the state library agencies in the 50 states and the District of Columbia (51 total) and is administered via a Web-based survey tool.